



SCIENTEX BERHAD
 (Company No: 196801000264 [7867-P])
 (Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31 July 2023

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 July 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2023 RM'000	Preceding year corresponding quarter 31.7.2022 RM'000	Current year to date 31.7.2023 RM'000	Preceding year 31.7.2022 RM'000
Revenue	1,071,515	1,111,295	4,076,896	3,985,318
Operating profit	148,942	178,658	589,598	561,042
Interest expense	(7,529)	(6,192)	(33,545)	(20,446)
Investing results	4,145	1,102	12,614	7,711
Profit before tax	145,558	173,568	568,667	548,307
Taxation	(37,187)	(42,715)	(119,726)	(115,710)
Profit for the quarter / year	108,371	130,853	448,941	432,597
Profit attributable to:				
Owners of the Company	114,894	124,984	438,141	409,874
Non-controlling interests	(6,523)	5,869	10,800	22,723
Profit for the quarter / year	108,371	130,853	448,941	432,597
Earnings per share attributable to owners of the Company (sen per share)				
- Basic	7.41	8.06	28.25	26.43
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)



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QUARTERLY REPORT

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 The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 July 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2023 RM'000	Preceding year corresponding quarter 31.7.2022 RM'000	Current year to date 31.7.2023 RM'000	Preceding year 31.7.2022 RM'000
Profit for the quarter / year	108,371	130,853	448,941	432,597
Other comprehensive income/(loss), net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	2,979	4,660	(2,587)	6,126
Items that will not be reclassified subsequently to profit or loss				
- Remeasurement of defined benefit obligations	(1,203)	-	(1,203)	-
- Fair value gain arising from other investments	27	-	27	-
Other comprehensive income/(loss) for the quarter / year, net of income tax	1,803	4,660	(3,763)	6,126
Total comprehensive income for the quarter / year, net of income tax	110,174	135,513	445,178	438,723
Total comprehensive income for the quarter / year attributable to:				
Owners of the Company	116,598	128,758	437,548	417,364
Non-controlling interests	(6,424)	6,755	7,630	21,359
	110,174	135,513	445,178	438,723

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)

SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 July 2023

	AS AT CURRENT FINANCIAL YEAR ENDED 31.7.2023 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2022 RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,558,202	1,463,755
Right-of-use assets	5,017	4,917
Land held for property development	1,420,231	1,650,472
Investment in joint venture	16,826	16,133
Investment in associate	100,693	86,689
Other investments	23,476	22,634
Deferred tax assets	9,286	7,279
Goodwill	305,022	330,423
	3,438,753	3,582,302
Current assets		
Property development costs	462,565	379,859
Inventories	377,055	449,350
Trade and other receivables	874,225	871,867
Contract assets	186,206	-
Cash and cash equivalents	166,411	191,177
	2,066,462	1,892,253
TOTAL ASSETS	5,505,215	5,474,555
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	705,009	704,799
Reserves	2,687,209	2,404,797
Equity attributable to owners of the Company	3,392,218	3,109,596
Non-controlling interests	214,127	198,062
Total equity	3,606,345	3,307,658
Non-current liabilities		
Borrowings	70,000	250,000
Lease liabilities	3,173	3,208
Retirement benefits obligations	48,415	45,943
Deferred tax liabilities	96,507	85,723
	218,095	384,874
Current liabilities		
Borrowings	766,840	921,475
Lease liabilities	3,839	2,662
Trade and other payables	790,321	820,319
Contract liabilities	89,044	-
Tax liabilities	30,731	37,567
	1,680,775	1,782,023
Total liabilities	1,898,870	2,166,897
TOTAL EQUITY AND LIABILITIES	5,505,215	5,474,555
Net assets per share attributable to owners of the Company (RM)	2.19	2.00

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)



SCIENTEX BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2023**

	Reserves					Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000				
As at 1 August 2022	704,799	(1)	90,719	18,168	494	2,295,417	3,109,596	198,062	3,307,658
Profit for the year	-	-	-	-	-	438,141	438,141	10,800	448,941
Other comprehensive income/(loss) for the year	-	-	-	201	22	(816)	(593)	(3,170)	(3,763)
Total comprehensive income for the year	-	-	-	201	22	437,325	437,548	7,630	445,178
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	15,746	15,746
Arising from dilution of interest in existing subsidiaries	-	-	-	-	-	-	-	30	30
Acquisition of equity interests in subsidiary by non-controlling interests	-	-	-	-	-	-	-	30	30
Issuance of ordinary shares pursuant to Share Grant Plan	210	-	-	-	-	-	210	-	210
Share of other net asset changes in an associate	-	-	-	-	(30)	-	(30)	-	(30)
Dividends	-	-	-	-	-	(155,106)	(155,106)	(7,371)	(162,477)
As at 31 July 2023	705,009	(1)	90,719	18,369	486	2,577,636	3,392,218	214,127	3,606,345
As at 1 August 2021	703,250	(1)	90,719	10,678	461	2,090,556	2,895,663	201,545	3,097,208
Profit for the year	-	-	-	-	-	409,874	409,874	22,723	432,597
Other comprehensive income/(loss) for the year	-	-	-	7,490	-	-	7,490	(1,364)	6,126
Total comprehensive income for the year	-	-	-	7,490	-	409,874	417,364	21,359	438,723
Acquisition of additional interest in an existing subsidiary	-	-	-	-	-	(65,450)	(65,450)	(28,057)	(93,507)
Exercise of warrants in a subsidiary	-	-	-	-	-	27	27	16,369	16,396
Issuance of ordinary shares pursuant to:									
Share Grant Plan	1,442	-	-	-	-	-	1,442	-	1,442
Exercise of warrants	107	-	-	-	-	-	107	-	107
Share of other net asset changes in an associate	-	-	-	-	33	-	33	-	33
Dividends	-	-	-	-	-	(139,590)	(139,590)	(13,154)	(152,744)
As at 31 July 2022	704,799	(1)	90,719	18,168	494	2,295,417	3,109,596	198,062	3,307,658

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)

SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial year ended 31 July 2023

	12 MONTHS ENDED 31.7.2023 RM'000	12 MONTHS ENDED 31.7.2022 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	568,667	548,307
Adjustments	157,833	129,656
Operating profits before working capital changes	<u>726,500</u>	<u>677,963</u>
Movement in working capital:		
Decrease/(increase) in inventories	83,094	(65,502)
Decrease in development properties	224,032	140,306
Increase in receivables	(157,955)	(17,781)
Increase in payables	49,786	119,228
Cash generated from operations	<u>925,457</u>	<u>854,214</u>
Taxation paid	(117,207)	(114,904)
Gratuity and retirement benefits paid	(2,281)	(1,022)
Net cash from operating activities	<u>805,969</u>	<u>738,288</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(60,103)	-
Investment in associates	(4,493)	-
Purchase of additional interest in an existing subsidiary	-	(93,507)
Purchase of property, plant and equipment	(113,553)	(172,367)
Deposit paid for purchase of plant and equipment	(9,558)	(12,152)
Purchase of land held for property development	(61,061)	(415,512)
Deposit paid for purchase of land held for property development	(84,749)	(27,442)
Deposit refund from termination of purchase of land	51,815	-
Proceeds arising from dilution of interest in an existing subsidiary	30	-
Acquisition of equity interests in subsidiary by non-controlling interests	30	-
Proceeds from disposal of property, plant and equipment	3,634	21,541
Proceeds from disposal of investment properties	-	25,000
Dividend income received	2,629	4,606
Interest received	5,335	2,121
Net cash used in investing activities	<u>(270,044)</u>	<u>(667,712)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid to:		
Shareholders of the Company	(155,106)	(139,590)
Non-controlling shareholders of subsidiaries	(7,371)	(13,154)
Proceeds from exercise of warrants in the Company	-	107
Proceeds from exercise of warrants in a subsidiary	-	16,408
Net repayment of term loans	(246,255)	(57,463)
Net (repayment)/drawdown of short term borrowings	(106,203)	102,680
Repayment of lease liabilities	(3,461)	(4,538)
Finance cost paid	(42,295)	(27,157)
Net cash (used in)/from financing activities	<u>(560,691)</u>	<u>(122,707)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(24,766)	(52,131)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>191,177</u>	<u>243,308</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>166,411</u>	<u>191,177</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	159,854	158,697
Short term deposits	6,557	32,480
	<u>166,411</u>	<u>191,177</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2023

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2022 which were prepared under Malaysian Financial Reporting Standards (“MFRS”). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2022.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 July 2022, except for the adoption of the following amendments to MFRSs that are effective for financial statements beginning on 1 August 2022, as disclosed below:

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020

The adoption of the above amendments to MFRSs are not expected to have significant impact on the financial statements of the Group.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2022 was not qualified.

A3 Seasonal or cyclical factors

The business operations of the Group for the current financial year under review were not materially affected by any seasonal or cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current financial year under review.

A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior interim periods that have a material effect in the current financial year under review.

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A6 Changes in debts and equity securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year under review, except for the followings:-

Share Grant Plan

On 2 December 2022, the Company issued and allotted 63,800 new ordinary shares to the eligible employees of Scientex Berhad's group of companies pursuant to the Scientex Berhad Share Grant Plan.

As at 31 July 2023, the total number of issued shares of the Company was 1,551,063,667 ordinary shares, out of which 100 ordinary shares were held as treasury shares. The total number of unexercised warrants was 103,286,327.

A7 Dividends paid

The amount of dividend paid by the Company since 31 July 2022 was as follows:

	RM'000
In respect of the financial year ended 31 July 2022:	
Single tier final dividend of 5 sen per ordinary share declared on 8 December 2022 and paid on 9 January 2023	77,553
In respect of the financial year ended 31 July 2023:	
Single tier interim dividend of 5 sen per ordinary share declared on 20 June 2023 and paid on 21 July 2023	77,553
	155,106

A8 Segment information

Segment information is presented in respect of the Group's business segments.

12 months ended 31 July 2023

	Packaging RM'000	Property Development RM'000	Total RM'000
Revenue	2,626,192	1,450,704	4,076,896
Results			
Operating profit	183,963	405,635	589,598
Investing results			12,614
Interest expense			(33,545)
Profit before taxation			568,667

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A8 Segment information (Cont'd)

12 months ended 31 July 2022

	Packaging RM'000	Property Development RM'000	Total RM'000
Revenue	2,861,375	1,123,943	3,985,318
Results			
Operating profit	238,043	322,999	561,042
Investing results			7,711
Interest expense			(20,446)
Profit before taxation			548,307

A9 Disclosure items

The following items have been included in arriving at profit before tax:

	3 months ended		12 months ended	
	31.7.2023 RM'000	31.7.2022 RM'000	31.7.2023 RM'000	31.7.2022 RM'000
(a) Interest income	(1,197)	(643)	(4,806)	(2,121)
(b) Other income	(2,423)	(2,613)	(6,233)	(6,274)
(c) Interest expense	7,455	6,116	33,231	20,103
(d) Interest on lease liabilities	74	76	314	343
(e) Depreciation of property, plant and equipment	30,632	27,317	120,131	110,772
(f) Depreciation of right-of-use assets	911	935	3,735	3,682
(g) Net provision/(write back) of receivables	88	(219)	270	(231)
(h) Net (write back)/provision of inventories	(1,148)	1,984	556	3,110
(i) Gain on disposal of property, plant and equipment	(156)	(1)	(323)	(1,686)
(j) Gain on disposal of investment properties	-	(8,100)	-	(8,100)
(k) Property, plant and equipment written off	676	97	714	100
(l) Impairment loss on goodwill	22,709	-	22,709	-
(m) Net foreign exchange (gain)/loss	(695)	12,293	1,821	16,232
(n) Fair value (gain)/loss on other investments	(767)	1,879	(767)	1,879
(o) Fair value gain of money market deposits	(208)	(297)	(529)	(297)
(p) Reversal of contingent consideration with respect to acquisition of associate	(198)	(1,881)	(198)	(1,881)

In the current financial quarter and current financial year ended 31 July 2023, there were no:

- Gain or loss on disposal of quoted or unquoted investments;
- Gain or loss on derivatives; and
- Any other material items not disclosed above.

A10 Valuation of property, plant and equipment and investment properties

The valuation of property, plant and equipment and investment property were brought forward without any amendments from the preceding annual financial statements.

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A11 Events subsequent to the end of the reporting period

There were no material events subsequent to the end of the current financial year which have not been reflected in the financial statements for the said period as at the date of this report, except as disclosed in Note B6.

A12 Changes in the composition of the Group

There were no material changes in the composition of the Group during the current financial year, except for the followings:

Acquisition of Scientex Packaging (Kajang) Sdn Bhd (formerly known as Taisei Lamick Malaysia Sdn Bhd) (“SPK”)

On 30 September 2022, Scientex Packaging Film Sdn Bhd (“SPF”), a wholly-owned subsidiary of the Company has completed the acquisition of 8,100 ordinary shares in SPK representing 80.2% equity interest in SPK, for a total cash consideration of RM63,779,503. Accordingly, SPK has become a subsidiary of SPF.

During the financial year under review, SPF completed the purchase price allocation exercise with the assistance of an external professional advisor to determine the fair values of the identifiable assets and liabilities of SPK as at the date of acquisition pursuant to the requirement of MFRS 3 Business Combinations.

	Fair value recognised on acquisition RM'000	Provisional fair value recognised on acquisition RM'000	Fair value adjustment RM'000
Assets			
Property, plant and equipment	86,498	86,571	(73)
Right-of-use assets	155	155	-
Other investments	49	49	-
Inventories	11,408	10,893	515
Trade and other receivables	15,027	15,027	-
Cash and bank equivalents	3,677	3,677	-
	<u>116,814</u>	<u>116,372</u>	<u>442</u>
Liabilities			
Trade and other payables	12,492	12,050	(442)
Borrowings	24,640	24,640	-
Finance lease liabilities	156	156	-
	<u>37,288</u>	<u>36,846</u>	<u>(442)</u>
Net identifiable assets	<u>79,526</u>	<u>79,526</u>	-
Fair value of net identifiable assets	79,526	79,526	
Non-controlling interest	<u>(15,746)</u>	<u>(15,746)</u>	
Cost of business combination	<u>63,780</u>	<u>63,780</u>	

Cash outflow on acquisition was as follows:

Purchase consideration satisfied by cash	63,780	63,780
Cash and cash equivalents of subsidiary acquired	<u>(3,677)</u>	<u>(3,677)</u>
Net cash outflow of the Group	<u>60,103</u>	<u>60,103</u>

From the date of acquisition, SPK has contributed approximately RM43,107,000 of revenue and net profit of RM1,030,000 to the Group.

A13 Contingent liabilities

There were no contingent liabilities or assets for the Group as at the end of the current financial year under review.

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A14 Capital commitments

As at the end of the current financial year under review, the capital commitments not recognised in the financial statements were as follows:

	As at 31.7.2023 RM'000	As at 31.7.2022 RM'000
Approved and contracted for:		
Purchase of plant and machinery	50,767	105,331
Balance payment for purchase of land held for development	949,548	713,305
	1,000,315	818,636

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year ended 31 July 2023 were as follows:

	3 months ended		12 months ended	
	31.7.2023 RM'000	31.7.2022 RM'000	31.7.2023 RM'000	31.7.2022 RM'000
Purchase of goods from associated companies	42,108	42,127	169,506	179,981
Sales of goods to associated company	(186)	(123)	(522)	(545)
Rental income from associated company	(139)	(139)	(557)	(557)
Rental income from jointly controlled entity	(232)	(232)	(926)	(926)

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2023

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

B1 Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current year quarter	Preceding year corresponding quarter	Changes %	Current financial year	Preceding financial year	Changes %
	31.7.2023 RM'000	31.7.2022 RM'000		31.7.2023 RM'000	31.7.2022 RM'000	
Revenue	1,071,515	1,111,295	-3.6%	4,076,896	3,985,318	2.3%
Operating profit	148,942	178,658	-16.6%	589,598	561,042	5.1%
Profit attributable to owners of the Company	114,894	124,984	-8.1%	438,141	409,874	6.9%

(i) Current quarter review

For the current financial quarter ended 31 July 2023, the Group recorded revenue of RM1.07 billion, a decrease of 3.6% compared to RM1.11 billion recorded in the preceding year corresponding quarter. Meanwhile, the Group's operating profit stood at RM148.9 million, reflecting a decrease of 16.6% compared to RM178.7 million achieved in the preceding year corresponding quarter.

Packaging revenue was RM619.7 million compared to RM740.8 million recorded in the preceding year corresponding quarter. The decrease in revenue was mainly due to an overall softening of market demand across all product segments. Operating profit also came in lower at RM24.3 million compared to RM62.6 million recorded in the preceding year corresponding quarter. In the current financial quarter, the Group made an impairment of goodwill amounting to RM22.7 million in relation to its business operation in Myanmar. Excluding the impact of the goodwill impairment, the Group's operating profit for the current financial quarter stood at RM47.0 million. The decrease was mainly due to lower sales and rising operating cost, particularly higher energy cost.

Property revenue stood at RM451.8 million, reflecting an increase of 21.9% compared to RM370.5 million recorded in the preceding year corresponding quarter. The higher revenue was contributed by higher progress billing from its ongoing projects in Bandar Jasin, Kundang and Tasek Gelugor. In addition, the robust demand for our new launches in Pulau Mutiara 2, Kundang, Rawang and Sungai Petani have also contributed to the increase in revenue for the quarter under review. In tandem with the higher revenue recorded, operating profit increased to RM124.7 million compared to RM116.0 million recorded in the preceding year corresponding quarter.

(ii) 12-month review

For the financial year ended 31 July 2023, the Group recorded its higher revenue of RM4.08 billion, an increase of 2.3% compared to the preceding financial year of RM3.99 billion. Operating profit also came in higher at RM589.6 million compared to the preceding financial year of RM561.0 million. The higher revenue and operating profit were contributed by the better performance from Property Division.

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B1 Review of performance (Cont'd)

(ii) 12-month review (Cont'd)

Packaging revenue stood at RM2.63 billion for the current financial year, reflecting a decrease of 8.2% compared to the preceding financial year of RM2.86 billion mainly due to softening of market demand. Operating profit also came in lower at RM184.0 million compared to RM238.0 million in the preceding financial year mainly attributed to the reasons stated in the current quarter review.

Property revenue rises 29.1% to RM1.45 billion for the current financial year compared to the preceding financial year of RM1.12 billion. In line with the increase in revenue, operating profit recorded higher at RM405.6 million compared to the preceding financial year of RM323.0 million. The improved performance was mainly due to higher sales and steady constructional progress from its on-going projects following the ease of hurdle in obtaining authority approval as well as the strong take up rates for its new launches.

B2 Variations of the quarterly results as compared to the results of the preceding quarter

	Current quarter	Preceding quarter	Changes %
	31.7.2023 RM'000	30.4.2023 RM'000	
Revenue	1,071,515	997,113	7.5%
Profit before tax ("PBT")	145,558	144,952	0.4%
Profit attributable to owners of the Company	114,894	109,780	4.7%

The Group's revenue for the current financial quarter increased to RM1.07 billion compared to RM997.1 million recorded in the preceding financial quarter. The increase in revenue was mainly contributed by Property Division. The Group's profit before tax stood at RM145.6 million for the current financial quarter, increase compared to RM145.0 million recorded in the preceding financial quarter despite taken into account the impact of goodwill impairment. Excluding the impact of goodwill impairment, the Group's PBT increased by 16.1%, in line with the higher sales achieved.

B3 Current financial year prospects

Packaging Division continues to face operational challenges amidst the backdrop of softer global demand as well as factors such as rising core inflation rate, interest rates and energy cost which led to higher production cost.

The Division grounded on its fundamentals and remain committed to drive the operation cost down by improving the production efficiency as well as managing its operational costs and products wastage. With the on-tracked capacity and capability expansion plan, we strive to optimise its production and labour efficiency, increase its competitiveness and to enhance its product value. In addition, the Packaging Division has also embarked on the adoption of solar photovoltaic project to mitigate the rising energy cost and at the same time reducing carbon footprint through sustainable energy generation and consumption.

The Division expects to explore more opportunities and increase its markets base more aggressively as it continues to focus on innovation and developing value added products customised to the needs of our customers whilst addressing market trend and demands for sustainable and fully recyclable packaging solutions.

While the Packaging Division expects the current market conditions to continue in the near-term, the Division remain focused on its long-term growth strategy and is confident that its performance for the coming financial year remains sustainable.

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B3 Current financial year prospects (Cont'd)

Property Division has continued to see robust demand for its products. With the smoothened authority approval processes and the ease of labour shortages, our constructional activities will ride on the built-up momentum hence contributing to higher revenue recognition.

Property Division adopts several strategies such as bulk purchase, optimising land use and deploying Industrialised Building System to ensure the affordability and competitiveness of its products. To maintain the fundamental and effective cost control, the Division will continue to source and acquire competitively-priced landbanks and to properly manage the overall development costs.

For the current financial year, the Division saw strong take-up rates for its property launches in Pulau Mutiara 2, Scientex Sungai Petani, Scientex Kota Tinggi and Bandar Scientex Jasin. Moving forward, we will continue to launch new phases of affordable housing across its developments in Peninsular Malaysia to meet the robust demand by leveraging on its branding and strategic locations. The latest land acquisitions were located in Jenjarom in Selangor, Tebrau and Kulai in Johor Bahru, which are expected to be completed in the coming financial year 2024 and will contribute positively on the Division's performance in the near future.

Barring unforeseen circumstances, the Property Division is optimistic that demand for its affordable housing will remain resilient for the coming financial year.

B4 Variations of actual profit from forecast profit

This note is not applicable as the Group did not issue and publish any profit forecast for the current financial quarter under review.

B5 Taxation

Details of tax expense for the current financial quarter and current financial year were as follows:

	3 months ended		12 months ended	
	31.7.2023	31.7.2022	31.7.2023	31.7.2022
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter:				
- Income tax	36,442	33,659	112,554	107,491
- Deferred taxation	2,175	7,060	8,602	6,223
In respect of prior year:				
- Income tax	(1,544)	(872)	(1,544)	(872)
- Deferred taxation	114	2,868	114	2,868
	<u>37,187</u>	<u>42,715</u>	<u>119,726</u>	<u>115,710</u>

The Group's effective tax rate for the current financial year is lower than the statutory income tax rate mainly due to the utilisation of tax incentives by certain subsidiaries of the Group.

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B6 Status of corporate proposals

There were no material corporate proposals announced and not completed as at the date of this report, except for the followings:-

(i) Proposed acquisition of lands in the State of Selangor

On 30 August 2021, the Company announced that Scientex Park (M) Sdn Bhd (“SPSB”), a wholly-owned subsidiary of the Company entered into a Sale & Purchase Agreement (SPA) with Seriemas Development Sdn Bhd (“Vendor”) for the proposed acquisition of five (5) pieces of freehold agricultural land, all situated in the State of Selangor, measuring an aggregate area of approximately 250.8 acres (“Lands”) for a total purchase consideration of RM207.6 million. On 15 June 2022, the Vendor and SPSB have entered into a Supplemental Agreement to extend the conditional period to 24 November 2022 to enable Vendor to obtain the approvals of Estate Land Board, subdivision of Lot 4567 into four (4) subdivided titles and issuance of four (4) separate titles for Lot 4567 in accordance with the revised subdivisional plan; and for SPSB to obtain the outcome of appeal to Economic Planning Unit.

On 9 November 2022, SPSB has agreed with the Vendor as follows: -

- a) To jointly invest in a dormant company called Scientex Jenjarom Sdn Bhd (formerly known as Scientex Distribution Sdn Bhd) (“SJSB”) with SPSB holding 70% and the Vendor holding the remaining 30% of the shares of SJSB (“Proposed Joint Venture”); and
- b) A Shareholders’ Agreement (“SHA”) has been signed between the Vendor, SPSB and SJSB to regulate their relationship as shareholders and with SJSB as new purchaser of the Lands;
- c) Contemporaneously with the execution of the SHA,
 1. the Vendor and SPSB have signed a Deed of Rescission and Revocation to terminate the SPA;
 2. the Vendor and SJSB have signed a new SPA for the sale by the Vendor of the Lands to SJSB as purchaser at the same purchase consideration of RM207.6 million.

The Proposed Joint Venture and the Lands acquisition are expected to be completed by second half of year 2023.

(ii) Proposed acquisition of lands in the State of Johor

a) Tebrau

On 5 July 2023, the Company announced that Scientex Lestari Sdn Bhd (“SLSB”), an indirect subsidiary of the Company entered into a SPA with Pelangi Sdn Bhd (“Vendor”) for the proposed acquisition of eight (8) parcels of freehold land, all situated in Mukim Tebrau, District of Johor Bahru, State of Johor, measuring an aggregate area of approximately 959.7 acres (“Lands”) for a total purchase consideration of RM547.7 million. The proposed acquisition is expected to be completed in the first half of year 2024.

b) Kulai

On 11 July 2023, the Company announced that SLSB, an indirect subsidiary of the Company entered into a SPA with Seriemas Development Sdn Bhd (“Vendor”) for the proposed acquisition of six (6) parcels of freehold land, all situated in Mukim Senai, District of Kulai, State of Johor, measuring an aggregate area of approximately 550.7 acres (“Lands”) for a total purchase consideration of RM299.8 million. The proposed acquisition is expected to be completed in the first half of year 2024.

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B7 Borrowings and debt securities

As at 31 July 2023	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u> Denominated in RM - Sukuk Murabahah	70,000	-	70,000
<u>Unsecured</u> Denominated in JPY - Trade financing	-	14,416	14,416
Denominated in RM - Trade financing	-	752,424	752,424
Total	70,000	766,840	836,840

As at 31 July 2022	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u> Denominated in RM - Sukuk Murabahah	250,000	50,000	300,000
<u>Unsecured</u> Denominated in USD - Trade financing	-	510,784	510,784
Denominated in JPY - Trade financing	-	52,025	52,025
Denominated in AUD - Trade financing	-	7,588	7,588
Denominated in RM - Trade financing	-	301,078	301,078
Total	250,000	921,475	1,171,475

B8 Material litigation

There was no material litigation involving any member of the Group as at the date of this report.

B9 Dividend

In respect of the financial year ended 31 July 2023, the Board of Directors recommended a single tier final dividend of 5 sen per ordinary share (single tier final dividend for financial year 2022 of 5 sen per ordinary share). The dividend will be payable on 26 January 2024, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

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B10 Earnings per share

		3 months ended		12 months ended	
		31.7.2023	31.7.2022	31.7.2023	31.7.2022
(i) Basic earnings per share					
Profit attributable to owners of the Company	(RM'000)	114,894	124,984	438,141	409,874
Weighted average number of ordinary shares in issue	('000)	1,551,064	1,551,000	1,551,042	1,550,882
Basic earnings per share	(sen)	7.41	8.06	28.25	26.43

(ii) Fully diluted earnings per share

Diluted earnings per ordinary share is not presented as the warrants are anti-dilutive where the average market price of ordinary shares during the current financial year does not exceed the exercise price of the warrants.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689) (SSM Practising Certificate No. 201908002648)
Tung Wei Yen (MAICSA 7062671) (SSM Practising Certificate No. 201908003813)
Ong Ling Hui (MAICSA 7065599) (SSM Practising Certificate No. 202008000555)
Company Secretaries

20 September 2023